Department of Accounts Payroll Bulletin

Calendar Year 2004 December 19, 2003 Volume 2004-01

2004 Calendar Year Payroll Operations and Leave Processing

Introduction

This Payroll Bulletin addresses key **2004** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll and fiscal personnel within your agency.

Agency Profile Updates

DOA maintains a database of the payroll operation profiles of each agency to facilitate communications and assistance. Included in this database are contact names, phone numbers (voice and fax), E-mail addresses and report distribution information.

Verification reports showing the contact information we currently have in our database will be distributed this month. Please review these reports and provide any changes to Annie Callanta via Email at acallanta@doa.state.va.us or FAX at (804) 225-3499. These reports are distributed semi-annually, however, if your agency undergoes personnel changes within your organization (Fiscal Officer, Human Resource Officer, Benefits Administrator, and Payroll Officer) during 2004, please notify Annie Callanta at the time of the change..

Payroll Accounting

IRS Deposit Notices

As with 2003, the IRS will send FTD notices to all agencies regardless of the level of changes in Federal tax deposit amounts during the year.

If your agency experienced **significant** changes and you do not receive a notice, review Publication 15 (*Circular E, Employer's Tax Guide*) to ensure your deposit requirements will not change.

When you receive an FTD notice, FAX a copy to Denise Halderman at (804) 225-3499.

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Lora L. George at (804) 225-2245 or Email at lgeorge@doa.state.va.us

State Payroll Operations

Manager Karen M. Robinson

Assistant Manager Lora L. George

Payroll Accounting, Continued

W-4 Form

Employees who claim exempt from withholding during the prior year on their W-4 must complete a new W-4 Form by February 15th to maintain their exempt status. If such employees do not provide a newly completed W-4 Form by February 15th, immediately begin to withhold Federal income tax as if they are single, with zero withholding allowances. Agencies can request CIPPS report #823, "Employees With FIT Status Not Equal to 4, 5, or 6", to identify employees with current exempt W-4's (FIT status "A").

IRS regulations stipulate which employees are eligible to file a W-4 Form with exempt status. Refer to Section 9 of Publication 15 (Circular E) for more information.

IRS regulations also require copies of certain W-4 forms be sent to the IRS on a quarterly basis. If you receive W-4s claiming more than 10 withholding allowances, or claiming exempt from withholding and the employee is expected to earn more than \$200 per week, you must send copies to the IRS Service Center with a cover letter at the end of each quarter. The address is IRS, Ogden, UT 84201-0046. Agencies can request CIPPS report # 807, "W-4s To Be Pulled and Sent With Quarterly Reports", to assist in identifying W-4's to report.

Social Security Tax Withholding

The maximum wage base for 2004 withholding is \$87,900 for OASDI (old age, survivors, and disability insurance). The wage base for HI (hospital insurance) remains unlimited (i.e., all wages are HI taxable).

For OASDI, the tax rate is 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers. These tax rates did not change for 2004.

No agency action is required since CIPPS recognizes the OASDI maximum. When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld.

IRS PUBS & FORMS

The IRS web site address is http://www.irs.gov/

If you do not have internet access, IRS publications and forms can be ordered by calling 1-800-TAX-FORM (1-800-829-3676).

FIT Withholding Tables Changed for 2004

New withholding allowance values, percentage method withholding tables, and Advance EIC tables, effective January 1, 2004, have been issued by the IRS. These are included in the 2004 revision of the Circular "E", Publication 15, which is available on the IRS web site listed above.

Payroll Accounting, Continued

Name Changes

Employees requesting name changes in CIPPS should be reminded to immediately notify the Social Security Administration (SSA) of the change. If an employee's name is changed on CIPPS but not with the SSA, the name will not match SSA records when DOA remits the W-2 tape, possibly resulting in agency penalties. Refer to section 4 of Publication 15 (Circular E) for more information.

W-5 Forms

REMINDER – Employees who want to continue receiving advance payments of the earned income credit (EIC) should complete a **new W-5 FORM** by December 31, 2003. Agencies with employees receiving EIC should review CIPPS Report #806, "**Employees Currently Receiving Earned Income Credit**", prior to certifying pay for period ending January 9th and ensure a valid 2004 W-5 form is on file for each EIC recipient. If a new W-5 is not received the employee **must** be changed to FIT status 4 in CIPPS until a valid W-5 is received. Retroactive EIC payments are not authorized.

Helpful Reminders

Some items which should be considered when beginning a new calendar year:

- Ensure all garnishments which have been satisfied due to a goal being reached are deactivated.
- Review the pending file reports and delete any extraneous transactions which are no longer required.
- When entering a certification or edit request in 2004 with a pay period begin date with a 2003 value, you will receive a Warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. However, you must hit the enter button again for the data on PYCTF/PYEDT to accept in the system.

Flex Account Administrative Fees

Administrative fees for Flexible Reimbursement Accounts continue to be waived for 2004.

Flex Mass Transaction

DOA will process a mass transaction at year-end to turn-off Deductions #21 and 22, (change frequency from '09' to '00') and to change the Deduction <u>AMT/PCT</u> and <u>GOAL</u> fields on H0ZDC <u>to all zeros</u>. Deduction amounts and deduction frequencies must be re-entered for individuals participating in Flex accounts for 2004.

REMINDER – Do not attempt to re-establish Flex deductions until CIPPS files are restored following year-end processing, scheduled for January 1, 2004.

Payroll Deductions

CVC Deduction #62 Format Change

DOA will process a mass transaction at year-end to turn-off Deduction #62 (change frequency from '09' to '00') and to change the Deduction #62 <u>AMT/PCT</u>, <u>GOAL</u> and <u>UTILITY</u> fields on H0ZDC <u>to all zeros</u>.

REMINDER – Do not attempt to re-establish CVC deductions until CIPPS files are restored following year-end processing, scheduled for January 1, 2004.

For questions regarding these changes, contact Annie Callanta, Payroll Production Supervisor, via email at acallanta@doa.state.va.us or by telephone at (804) 371-7799.

Qualified Benefit Plans

The maximum limits on 403(b) and 457 plan elective deferrals for calendar year 2004 are:

Category	Incremental Amount	Total 403(b) Plan (Annuity) Deduction 39 - Pre-Tax – Limits	Total 457 (Deferred Compensation) Deduction 38 – Deferred Compensation Limits
Normal (Under 50)	N/A	\$13,000	\$13,000
Age 50 + Provision	\$3,000	\$16,000	\$16,000
15 Year "Catch-up"	\$3,000	\$19,000	N/A
General "Catch-up"	Double normal	N/A	\$26,000

NOTE: On 457 accounts, you cannot combine the Age 50+ and the General "Catch-Up" amounts. Also, general "catch-up" can only be withheld in the three years preceding "designated normal" retirement age as identified on the Normal Retirement Age Election Form.

Leave Balances for Terminated Employees

Effective December 22, 2003, an enhancement will be added to CIPPS leave. When an employee is terminated and the frequency is changed to '99', the employee's leave hours fields will be automatically zeroed overnight. There will no longer be a requirement to process maintenance transactions to clear leave data.

Payroll Deductions, Continued

Misc. Deduction TPA Processing Schedule The calendar year 2004 cut-off date schedule governing new enrollment and change processing for the miscellaneous insurance and annuity third party administrator (FBMC) follows:

Pay period	FBMC	CHANGE LIST	DOA	PAYDAY
	CUT-OFF	TO AGENCY	Certify deadline	
12/25/03-01/09/04	12/24/03	12/31/03	01/09/04	01/15/04
01/10/04-01/24/04	01/08/04	01/15/04	01/26/04	01/30/04
01/25/04-02/09/04	01/26/04	02/02/04	02/09/04	02/13/04
02/10/04-02/24/04	02/10/04	02/17/04	02/24/04	03/01/04
02/25/04-03/09/04	02/25/04	03/03/04	03/10/04	03/16/04
03/10/04-03/24/04	03/11/04	03/18/04	03/25/04	03/31/04
03/25/04-04/09/04	03/29/04	04/05/04	04/12/04	04/16/04
04/10/04-04/24/04	04/12/04	04/19/04	04/26/04	04/30/04
04/25/04-05/09/04	04/26/04	05/03/04	05/10/04	05/14/04
05/10/04-05/24/04	05/11/04	05/18/04	05/25/04	06/01/04
05/25/04-06/09/04	05/26/04	06/03/04	06/10/04	06/16/04
06/10/04-06/24/04	06/11/04	06/18/04	06/25/04	07/01/04
06/25/04-07/09/04	06/25/04	07/02/04	07/12/04	07/16/04
07/10/04-07/24/04	07/12/04	07/19/04	07/26/04	07/30/04
07/25/04-08/09/04	07/27/04	08/03/04	08/10/04	08/16/04
08/10/04-08/24/04	08/12/04	08/19/04	08/26/04	09/01/04
08/25/04-09/09/04	08/27/04	09/03/04	09/10/04	09/16/04
09/10/04-09/24/04	09/10/04	09/17/04	09/24/04	09/30/04
09/25/04-10/9/04	09/24/04	10/01/04	10/08/04	10/15/04
10/10/04-10/24/04	10/12/04	10/19/04	10/26/04	11/01/04
10/25/04-11/09/04	10/26/04	11/02/04	11/09/04	11/16/04
11/10/04-11/24/04	11/09/04	11/16/04	11/23/04	12/01/04
11/25/04-12/09/04	11/24/04	12/03/04	12/10/04	12/16/04
12/10/04-12/24/04	12/09/04	12/16/04	12/23/04	12/30/04

This schedule can also be found on DOA's web site at the following address: http://www.doa.state.va.us/procedures/Payroll/TPA/tpahtm.htm.

Payroll and Leave Contact Personnel

Communication Guidance

Address all processing questions to the individuals listed. Contact the appropriate DOA personnel to ensure accurate and consistent responses. Use E-mail and FAX to avoid "telephone tag" and provide all necessary relevant information. This will significantly reduce the amount of time it takes DOA personnel to address questions or concerns. **Review your CIPPS broadcast screen throughout the day for important messages.**

<u>Payroll Operations – CIPPS Assistance</u>

Name	Functional Area	E-mail	Phone (804 Area Code)
Ervin L. Farmer	Agency Payroll and Leave Procedural Support; Training	efarmer@doa.state.va.us	225-3120
John (JR) Rodgers	Technical Support; Mass Transactions, Special Pay, Deduction, or Report Set-up	jrodgers@doa.state.va.us	225-3079

Payroll Operations - PR/Benefits Accounting

Name	Functional Area	E-mail	Phone (804 Area Code)
Liz Bauguess	Healthcare Reconciliations	ebauguess@doa.state.va.us	225-2246
Denise Halderman	941s; W-2Cs; Void Checks; Employee Masterfile Maintenance; CIPPS/CARS Interface; CIPPS Adjustments; Deferred Compensation; Deferred Compensation Cash Match; Political Appointee ORP	dhalderman@doa.state.va.us	371-8912
Judith Ohde	Payroll Accounting; Benefits Accounting; CIPPS Security	johde@doa.state.va.us	225-2386
Walter Roish	Supplemental Insurances and Annuities; Annuity Cash Match; Flexible Reimbursement Accounts; ORPs (other than political appointee)	wroish@doa.state.va.us	225-3100
Cathy Royal	CIPPS/PMIS Audit; Savings Bonds; CVC; VPEP; VEST	croyal@doa.state.va.us	225-2390

Payroll and Leave Contact Personnel, Continued

Payroll Operations - Production

Name	Functional Area	E-mail	Phone (804 Area Code)
Annie Callanta	Agency Reports; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	acallanta@doa.state.va.us	371-7799
Kelvin Pride	CIPPS Report Recovery; Checkwrites	kpride@doa.state.va.us	786-7549
Felecia Smith	Direct Deposit Stop Payments	fsmith@doa.state.va.us	371-8385
Diana Jones	Direct Deposit Stop Payments	djones@doa.state.va.us	371-4883

Payroll Operations - Management

Name and Title	Functional Area	E-mail	Phone (804 Area Code)
Karen Robinson, Manager State Payroll Operations and FAS	General Information	krobinson@doa.state.va.us	225-2373
Lora George, State Payroll Operations Assistant Manager	General Information, Technical Support, Mass Transactions, Special Pay, Deduction, or Report Set-up	lgeorge@doa.state.va.us	225-2245

Payroll	•	(804) 225-3499
Operations		(804) 786-9201
FAX Numbers		(00.) / 00 / 201

January 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 State Holiday NEW YEAR	2 State Holiday	3 9AM - CIPPS files open - no edits or payruns
4 9AM - CIPPS files open - no edits or payruns	5	6	7	8	9 Semimonthly salaried certification Salaried period indicator of 1 (12/25-1/9)	10 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	12	Leave keying deadline and Leave Year End processing	14	Payday for semimonthly salaried employees	16 State Holiday LEE- JACKSON DAY	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	19 State Holiday MARTIN LUTHER KING,JR DAY	20	21	22	23	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	26 Semimonthly salaried certification Salaried period indicator of 2 (1/10-1/24)	27	28 Leave keying deadline	29	Payday for semimonthly salaried employees December Healthcare Cert	31

February 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 9AM - CIPPS files open - no edits or payruns	2	3	4	5	6	7 9AM - CIPPS files open - no edits or payruns
8	9	10	11	12	13	14
9AM - CIPPS files open - no edits or payruns	Semimonthly salaried certification Salaried period indicator of 1 (1/25-2/9)		Leave keying deadline		Payday for semimonthly salaried employees	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	16 State Holiday GEORGE WASHINGTON 'S DAY	17	18	19	20	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	23	Semimonthly salaried certification Salaried period indicator of 2 (2/10-2/24)	25	26 Leave keying deadline	January Healthcare Certs	28
29						

March 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Payday for semimonthly salaried employees	2	3	4	5	6 9AM - CIPPS files open - no edits or payruns
7 9AM - CIPPS files open - no edits or payruns	8	9	10 Semimonthly salaried certification Salaried period indicator of 1 (2/25-3/09)	11	12 Leave keying deadline	13 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	15	16 Payday for semimonthly salaried employees	17	18	19	20 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	22	23	24	Semimonthly salaried certification Salaried period indicator of 2 (3/10-3/24)	26	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	Leave keying deadline	30	Payday for semimonthly salaried employees			
			Healthcare Cert			

April 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3 9AM - CIPPS files open - no edits or payruns
4 9AM - CIPPS files open - no edits or payruns	5	6	7	8	9 1 st QTR Cert Due	10 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	Semimonthly salaried certification Salaried period indicator of 1 (3/25-4/9)	13	14 Leave keying deadline	15	16 Payday for semimonthly salaried employees	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	19	20	21	22	23	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	26 Semimonthly salaried certification Salaried period indicator of 2 (4/10-4/24)	27	28 Leave keying deadline	29	30 Payday for semimonthly salaried employees March Healthcare Cert	

May 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 9AM - CIPPS files open - no edits or payruns
2 9AM - CIPPS files open - no edits or payruns	3	4	5	6	7	8 9AM - CIPPS files open - no edits or payruns
9 9AM - CIPPS files open - no edits or payruns	10 Semimonthly salaried certification Salaried period indicator of 1 (4/25-5/9)	11	12 Leave keying deadline	13	14 Payday for semimonthly salaried employees	9AM - CIPPS files open - no edits or payruns
9AM – CIPPS files open – no edits or payruns	17	18	19	20	21	9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	24	Semimonthly salaried certification Salaried period indicator of 2 (5/10-5/24)	26	27 Leave keying deadline	April HealthcareCert	9AM - CIPPS files open - no edits or payruns
30	31 State Holiday MEMORIAL DAY					

June 2004 (tentative)

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Payday for semimonthly salaried employees	2	3	4	5 9AM - CIPPS files open - no edits or payruns
6 9AM - CIPPS files open - no edits or payruns	7	8	9	10 Semimonthly salaried certification Salaried period indicator of 1 (5/25-6/9)	11	12 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	14 Leave keying deadline May Healthcare Cert	15	16 Payday for semimonthly salaried employees	17	18	9AM - CIPPS files open - no edits or payruns
	CHARGE FY 2004	CHADCE EV 2004	CHARGE FY 2004	CHARGE FY 2004	Staring this day	
		CHARGE FY 2004	CHARGE FY 2004	CHARGE FY 2004	CHARGE FY2005	
9AM - CIPPS files open - no edits or payruns	21	22	23	24	Semimonthly salaried certification Salaried period indicator of 2 (6/10-6/24)	26 9AM - CIPPS files open - no edits or payruns
9AM - CIPPS files open - no edits or payruns	28	Leave keying deadline	30			

Certification Schedule

The Payroll Operations Calendar for the period July through November 2004 will be issued in June. The calendar for December 2004 will be issued in November. For agency planning purposes, the certification dates and paydays for this period are listed below.

Month and Period	Certification Date	Pay Date
July		
2nd pay period 6/10 -6/24	6/25	7/1
1st pay period 6/25 - 7/9	7/12	7/16
2nd pay period 7/10 - 7/24	7/26	7/30
August		
1st pay period 7/25 - 8/9	8/10	8/16
2nd pay period 8/10 - 8/24	8/26	9/1
September		
1st pay period 8/25 -9/9	9/10	9/16
2nd pay period 9/10 -9/24	9/24	9/30
October		
1st pay period 9/25 - 10/9	10/08	10/15
2nd pay period 10/10 - 10/24	10/26	11/1
November		
1st pay period 10/25 -11/9	11/09	11/16
2nd pay period 11/10 - 11/24	11/23	12/1
December		
1st pay period 11/25 - 12/9	12/10	12/16
2nd pay period 12/10 - 12/24	12/23	12/30